



Panhandle News

BENEWAH, BONNER, BOUNDARY, KOOTENAI & SHOSHONE COUNTIES

ECONOMIC TRENDS

The Coeur d'Alene Metropolitan Statistical Area, which encompasses all of Kootenai County, remains on a winning streak. Its unemployment rate fell to a record low of 3.4 percent in September, and it added 2,250 nonfarm payroll jobs since September 2005. Every major industrial sector except wood product manufacturing, added jobs over the 12-month period. With profits high, unemployment low and most industries expanding, the economy is exerting considerable upward pressure on wages. Those employers who are not responding to the labor market changes with higher wages may be paying an even higher price in the form of high turnover rates and the resulting loss of productivity and customer focus.

The other Panhandle counties also continue to enjoy job growth. In all four — Benewah, Bonner, Boundary and Shoshone — construction and related industries such as real estate, title insurance, lending, landscaping, architectural and engineering services and building material stores have added a significant number of jobs in the past 12 months. The thriving tourism sector also has been a major source of new employment, and all of the counties have seen their health care sectors add jobs this year.

Each county has unique industries that help it grow. Bonner County is adding manufacturing and corporate headquarters jobs. Shoshone County is enjoying the effect of high silver prices on mining employment while miners, who are receiving large bonuses or sharing profits with their employers, are able to spend more. Boundary County is seeing the return of many of the 300 CEDU/Brown Schools jobs lost in 2005 as Idaho Educational Services gradually reopens those programs for troubled youth. The Coeur d'Alene Tribe continues to add dozens of jobs in Benewah

Panhandle Table 1: Coeur d'Alene MSA Labor Force & Employment Kootenai County

	Sep 2006*	Aug 2006	Sep 2005	% Change From	
				Last Month	Last Year
INDIVIDUALS BY PLACE OF RESIDENCE					
Seasonally Adjusted					
Civilian Labor Force	69,590	68,580	68,020	1.5	2.3
Unemployed	2,390	2,540	2,610	-5.9	-8.4
% of Labor Force Unemployed	3.4%	3.7%	3.8%		
Total Employment	67,200	66,040	65,410	1.8	2.7
Unadjusted					
Civilian Labor Force	69,880	69,910	68,030	0.0	2.7
Unemployed	1,870	1,970	2,060	-5.1	-9.2
% of Labor Force Unemployed	2.7%	2.8%	3.0%		
Total Employment	68,010	67,940	65,970	0.1	3.1
JOB BY PLACE OF WORK					
Nonfarm Payroll Jobs** - NAICS	56,660	56,290	54,410	0.7	4.1
Goods-Producing Industries	11,500	11,490	10,850	0.1	6.0
Natural Resources & Mining	530	520	490	1.9	8.2
Construction	6,280	6,270	5,690	0.2	10.4
Manufacturing	4,690	4,700	4,670	-0.2	0.4
Wood Product Manufacturing	970	990	1,070	-2.0	-9.3
Other Manufacturing	3,720	3,710	3,600	0.3	3.3
Service-Providing Industries	45,160	44,800	43,560	0.8	3.7
Trade, Transportation, & Utilities	10,080	10,100	9,850	-0.2	2.3
Wholesale Trade	1,440	1,430	1,380	0.7	4.3
Retail Trade	7,600	7,610	7,390	-0.1	2.8
Transportation, Warehousing & Utilities	1,040	1,060	1,080	-1.9	-3.7
Information	970	980	1,000	-1.0	-3.0
Financial Activities	2,930	2,940	2,830	-0.3	3.5
Professional & Business Services	6,580	6,550	6,040	0.5	8.9
Educational & Health Services	5,680	5,630	5,440	0.9	4.4
Leisure & Hospitality	7,950	8,470	7,680	-6.1	3.5
Other Services	1,440	1,590	1,470	-9.4	-2.0
Government Education	3,430	2,570	3,370	33.5	1.8
Government Administration	5,360	5,220	5,170	2.7	3.7
Government Tribes	740	750	710	-1.3	4.2

* Preliminary estimate

**Full- or part-time jobs of people who worked for or received wages in the pay period including the 12th of the month

County each year as it expands its services to tribal members and other reservation residents. Unfortunately, the two most timber-dependent counties — Benewah and Boundary — have experienced the least growth in the last few years and may soon lose jobs again as lumber prices decline.

Falling lumber prices definitely are the darkest clouds on the Panhandle's horizon. From late 2003 into early 2006, the Panhandle's forest products industry experienced good times. Demand for lumber was high because of near-record U.S. housing starts, and lumber prices rose to high levels, peaking at \$474 per thousand board feet on Aug. 13,

2004. Between late 2003 and early 2006, almost every sawmill in the Panhandle added jobs. The only exception was Stimson Lumber's Atlas mill in Coeur d'Alene, which closed Dec. 31, 2005. Unfortunately, higher mortgage rates have sharply reduced U.S. home construction, and lumber prices have fallen to a 15-year low. On Nov. 10, the Random Lengths composite price for framing lumber fell to \$269 per thousand board feet from \$358 a year earlier. In the last half of 2006, at least five Panhandle sawmills shut down for a few weeks or laid off shifts of workers indefinitely. As a consequence, logging and wood product-related transportation companies have reduced employment in recent months. With further reductions in U.S. housing starts likely to occur, lumber prices may fall even lower, and employment at sawmills could continue to drop.

SPECIAL TOPIC: *Tourists Love Our Year-Round Wonderland*

Another Summer of Job Gains in Tourism

The Panhandle's summer tourist season beat 2005's record with a 7.3 percent increase in lodging receipts — from \$35.9 million to \$38.5 million — according to the Idaho State Tax Commission. All five counties experienced increases in tourist activity from June to September. Bonner County's growth was the most impressive at 12.9 percent. Receipts rose from \$7.4 million in 2005 to \$8.4 million. The large amount of national attention it has received in the last three years most likely explains that growth. Silverwood Theme Park's record-breaking attendance, continued expansion of the Coeur d'Alene Casino at Worley and strong performance by the Coeur d'Alene Resort generated a 6.2 percent increase in Kootenai County receipts from \$25.2 million in 2005 to \$26.8 million this summer.

Wandering Trails

Rails-to-trails projects prove to be great tourist draws. This year, an estimated 100,000 visitors traveled the Trail of the Coeur d'Alenes, the 79-mile trail from Mullan through the Silver Valley and Harrison to Plummer. The trail is open year-round. Bicyclists enjoy it until the first snowfall. After that, the trail between Mullan and Wallace is used for snowmobiling, and the trail between Wallace and Kellogg and between Smelterville and Cataldo is groomed for hiking and cross-country skiing. The Route of the Hiawatha from Mullan into Montana closed for the winter on Oct. 1. A record number of visitors biked or walked the route, famous for its tunnels and high trestles. About 7,500 bicyclists took the trail. Those tourists benefited many stores, restaurants, motels and art galleries in Harrison and throughout the valley.

Winter Wonderland

By mid-November, it was beginning to look a lot like Christmas in the mountains of the Panhandle, which

means extra dollars for the region's tourism industry. With 30 inches of new snow on top on an existing base, Lookout Pass Ski Area opened Nov. 16. Located along Interstate 90 near the Idaho-Montana border, Lookout usually is the first ski area in the Inland Northwest to open. It employs more than 50 people during ski season. This year, Silver Mountain Resort in Kellogg and Schweitzer Mountain Resort near Sandpoint were not far behind, opening by Thanksgiving weekend. Early openings mean extra paydays for the 200 people who work at Silver Mountain and its gondola and the 600 people who work at Schweitzer during ski season. They also bring extra dollars to hotels, restaurants, tourist shops and other retailers.

Because many businesses in western Bonner County rely on snowmobiling trails to attract winter visitors, they were crushed by a September court order prohibiting all snowmobiling in a 300,000-acre area extending from Priest Lake north to the Canadian border. Especially hard hit were Priest Lake restaurants and lodging operations. U.S. District Court Judge Robert Whaley made the ruling to guarantee that woodland caribou receive the protection required by the Endangered Species Act. Environmentalists won the order in their ongoing lawsuit against the U.S. Forest Service and U.S. Fish & Wildlife Service. Those groups want the federal agencies to protect a band of 35 woodland caribou that roam from the Priest Lake area north into Canada. The band is the only caribou that still live in the lower 48 states. The environmental groups argue that snowmobile noise not only harasses caribou, affecting their ability to acquire food during a time when calories are scarce, but also compacts snow trails making it easier for cougars to access calving grounds. After the September ruling, environmentalists and snowmobile advocates worked out a joint proposal that would allow many snowmobiling trails to remain open while still not disturbing the caribou. In November, the judge issued a court order upholding the proposal to the delight of snowmobilers and the businesses that rely on them.

SPECIAL TOPIC: The Post Falls Jobs Machine

While "location, location, location" is a mantra in real estate, it is equally important in economic development. Post Falls proves the point. The city lies between the metropolis of Spokane, with a population of 197,000, and the tourist Mecca of Coeur d'Alene, with a population of 41,000, and benefits from growth on both sides of the border. With its location along Interstate 90, great rail service, proximity to Spokane's airport and relatively inexpensive land, Post Falls has proven attractive to businesses and residential developments. The number of businesses in Post Falls rose 36 percent from 685 in 2000 to 930 today while the number of jobs grew 44 percent from 7,300 to 10,600. It's not surprising the

city's population grew from 7,349 in 1990 to 17,247 by 2000 and exceeds 24,000 today.

This month's news shows that much more growth is in store for Post Falls.

Idaho Wins Cabela's and a Whole Lot More

Idahoans learned in November that Cabela's had selected their side of the border to build a new sporting goods store over a bid from Spokane County. The Cabela's overlooking the Spokane River in Post Falls will be considerably larger than the one that opened in Boise earlier this year. The store will feature aquariums stocked with native fish, a trout pond, a world-class gun library, an indoor archery range, museum-quality displays of stuffed animals along a rushing stream and a deli serving wild game sandwiches. The Boise and Post Falls stores, and a store scheduled to open next fall near Olympia, will be the only three Cabela's stores in the Pacific Northwest, and the Post Falls store is expected to attract visitors from not only the Inland Northwest but the Tri-Cities, Canada and Montana. The Post Falls Cabela's could open as early as next fall and is expected to employ 250 people.

Cabela's will anchor The Pointe at Post Falls, a 200-plus-acre development with about 800,000 square feet of retail space and plans for three other large stores. The developer, Foursquare Properties Inc., says possible tenants include a department store, a discount outlet and retailers focused on clothing, home improvement, kids' fashions, books and furniture. Restaurants and hotels also are likely to be interested in locating near Cabela's, which will be the first store to open at The Pointe at Post Falls.

High-Tech Firm Chooses Idaho

Biopol Laboratory Inc. plans to move from Spokane to Post Falls after it constructs a 45,000-square-foot facility at the Riverbend Commerce Park. The company currently leases six small buildings in two different areas of Spokane. Together, the six buildings are smaller than the Riverbend facility.

Biopol operates a 640-acre farm in Plummer, where it grows a variety of grasses and other plants that cause allergies. Biopol harvests the pollen and processes nearly 800 different allergens — mainly plant pollens but also dust mites, mold and yeast — for use in allergy vaccines. Biopol, founded in Spokane in 1976, is a subsidiary of ALK-Abello, a Danish company with 1,500 employees worldwide. Biopol currently employs 24 people and expects to grow to 35 or 50 employees within five years. It plans to move into its new building in late 2008 or early 2009.

Steve Griffiths of Jobs Plus called Biopol's decision great economic development news. Bringing a multina-

tional biotechnical company to Riverbend, which also is home to the University of Idaho Research Park, affirms the county's potential as a great location for high-tech businesses.

Developing a Powerful Health Care Lineup

Ten years ago Post Falls had fewer than 100 health-care jobs. By 2000, it had 320. Following the opening of two specialty hospitals and several medical clinics and offices, it now claims nearly 900, and at least 300 more health-care jobs will be created in the next two years.

Kootenai Medical Center, the community hospital based in Coeur d'Alene, recently announced that it will build a 6,500-square-foot satellite cancer center next to its medical clinic in Post Falls. The \$3 million construction project will start in the fall of 2007. Rapid population growth, an aging population and the ability to keep cancer victims alive much longer all have contributed to the need for the medical center to expand its cancer services. This fall, the hospital opened its first satellite cancer center in Sandpoint.

Medicare patients at Northern Idaho Advanced Care Hospital in Post Falls are now allowed to stay for an average of 25 days thanks to a new federal certification. Up to now, Medicare would only pay for a five-day stay at the long-term acute-care hospital, which opened in February. The certification will allow the hospital to reach full capacity by early 2007. The 40-bed facility currently employs 90 people and expects to employ 200 workers by early next year.

Life Care Centers broke ground Oct. 27 on a \$40 million campus west of Wal-Mart in Post Falls. The Life Care campus will include a 120-bed nursing center, a 104-unit assisted living center and a 153-unit independent living apartment complex — a total of 320,000 square feet. About 150 people will work at the campus when construction is completed in early 2008.

Guardian Angel Homes LLC, established seven years ago in Post Falls, currently is building a \$4 million, 40-unit assisted-living facility next to a 60-unit assisted-living complex that it already operates in Post Falls. The facility, which will be called Legacy House, should open in June.

Large Development has Potential to Transform Downtown

Harrison Dock Builders began work in September on a marina for The Landing at Post Falls, a 34-acre mixed-use development on the north bank of the Spokane River in Post Falls. The site will include 142 boat slips, a 1,000-foot-long perimeter dock and a floating convenience store with a full-service gas station for boats. Construction should be completed in December. The first two condominium buildings — with 20 units each —

were recently completed. Next comes construction of a 47-unit condo building atop a four-story garage. Eventually, The Landing at Post Falls will include 120,000 square feet of retail space, 260,000 square feet of office space, 530 condo units and an amphitheater.

More Places to Shop and Eat

Rapid population growth and increasing tourism activity are fueling retail growth in Post Falls.

Tenants are beginning to fill River City Center, a new mini-mall at Idaho Highway 41 and Mullan Road. Anytime Fitness took a 4,200-square-foot space for its wide range of fitness equipment and on-site trainers. Occupying 1,600 square feet next door is Pro Cuts, a men's hair salon that features televised sports at each styling station and a sports memorabilia store. Another tenant popular with sports fans is Paddy's Too, a 160-seat sports bar and restaurant with seven pool tables and five plasma televisions. It serves lunch, dinner, wine, beer and liquor every day and breakfast on the weekends, and it employs about 40 people. A new 1,750-square-foot Pita Pit drive-in restaurant — offering healthy fast food — employs 20 people. With the first mini-mall nearly full, construction has begun on a second next door.

Tom and Teresa Capone just cloned their popular Capone's Pub & Grill in Coeur d'Alene, opening a 3,800-square-foot bar and restaurant in Post Falls that looks like the Coeur d'Alene original. The new Capone's also serves sandwiches, pizza, beer and liquor. It employs 20 people.

AREA DEVELOPMENTS

Benewah County

- An important day for jobs creation occurred Oct. 7 in Benewah County, because that day Kim Schwanz's job became full-time. Schwanz has provided economic development assistance to Benewah County as the part-time executive director of Timber Plus. A \$25,000 grant from Idaho Commerce & Labor will pay half of his salary. He is one of more than a dozen economic development specialists operating in rural areas throughout Idaho with state support. Now Schwanz can focus his full energies on increasing tourism, recruiting new businesses to the county, helping existing businesses expand and identifying and reducing obstacles to economic development such as inadequate infrastructure, the scarcity of affordable housing, planning and zoning issues and work force training problems.
- Tommy Dillon, who has years of experience in pizza restaurants, recently opened Tommy's Pizza at the St. Maries Bowl. With its Italian décor, the restau-

rant offers a warm ambiance and an amazing variety of pizzas with 13 different kinds of sauces.

- Chuck Taggart recently opened the Key Club Lodge, a café and membership club with a hunting theme, in Fernwood. Members receive a key that allows them to park their RVs in the lot and 24-hour access to the lodge including a meat locker where they can hang their game. Members also can shower and wash clothes in the back room, where they also can post pictures of their quarry. A game room provides a big screen television. The café opens at 4 a.m. to cater to hunters and loggers but serves the general public as well as lodge members, offering breakfast and burgers throughout the day.
- Mary and Bob Aldrich recently opened Northwood Custom Framing in St. Maries. It's the only framing shop in a 50-mile radius.

Bonner County

- The Bonner County Economic Development Corp. recently named Quest Aircraft Co. its business of the year, citing the company's 82 percent job growth between October 2005 and October 2006. This year, Quest migrated from developing prototypes to manufacturing the Kodiak, a hardy 10-seat, single-engine turboprop airplane that can handle relatively short runways and provide easy landings even in remote jungles. Dave Voetmann and Tom Hamilton founded Quest in 1998 after discussing the need for a low-maintenance plane to transport missionaries and humanitarian aid workers to primitive airstrips. In October 2002, Quest moved into a 27,000-square-foot facility at the Sandpoint Airport, where it employed 35 workers to develop prototypes. In October 2005, Quest completed a 51,000-square-foot expansion so it would be ready for full-scale production of the Kodiak. Today, Quest employs about 100 people. The first Kodiak will roll off the line in a few weeks. Besides missionaries and humanitarian aid workers, bush pilots, airplane hobbyists and corporations have shown interest in the Kodiak.
- After years of high vacancy rates, the 194,000-square-foot Bonner Mall in Ponderay is enjoying its highest level of activity since 1994. Sears recently remodeled and doubled its size, and the entire mall will soon get a facelift. Yoke's grocery store, a long-time anchor, plans a \$3 million renovation. This fall, North Idaho College moved its branch from downtown Sandpoint to the mall because it needed more space and parking. Other tenants that opened in the mall this year include Wells Fargo Home Mortgage Co., a retail clothing outlet and an arcade.

There are currently 31 businesses and the Sandpoint branch of North Idaho College at the mall and its perimeter area. Only five spaces remain vacant, and several potential tenants have approached mall managers about them.

- Glacier Prosthetic and Orthotic Care Center recently opened in Sandpoint, offering both pediatric and infant prosthetic and orthotic care as well as preventative diabetic foot care. Owner Kendall Carpenter designs and makes artificial limbs, micro-processor knees, sports bracings and custom diabetic shoes. His wife Gina is trained and certified to fit breast prostheses and post-mastectomy garments. She provides medical-grade, mineral oil-based silicone garments and material for wound management and scar reduction. Their new business means residents do not have to drive hundreds of miles for prosthetic and orthotic fittings.
- Angie's Drive-In recently opened in Priest River. The restaurant sells sandwiches, soups, salads, burritos, wraps and breakfast items.
- Darrin and Brenda Johnston recently opened Johnston Equipment Co., renting backhoes and a wide variety of construction, gardening and forestry equipment. The rental store is located at in Oldtown, a city of 220 residents in the western part of Bonner County.

Kootenai County

- The high-profile Riverstone mixed-use development in Coeur d'Alene recently signed up the Sangria Grille, which is expanding from its original location in Moscow. Serving Peruvian, Mediterranean and American dishes, the 160-seat restaurant will serve lunch and dinner and employ about 50 people.
- A \$12 million, 61,000-square-foot Sportsman's Warehouse is under construction on Government Way in Coeur d'Alene. The retail store sells hunting, fishing and camping equipment and clothing. It will open May 17 and employ 75 people. A new 11,620-square-foot building south of the sporting goods store is ready for tenants. Those expected to open before New Year's are the High Noon restaurant and Odyssey Tek, a Macintosh computer shop.
- J.C. Pet Boutique recently opened in Coeur d'Alene. The store sells groomer-quality shampoos, toys, furniture for cats, collars, organic pet food and other pet supplies. For the well-dressed pet, the store offers a variety of apparel including sweaters, slippers, dresses, pajamas and even Santa suits.
- Studio 107, a jewelry design and art store, plans to open in early December in Coeur d'Alene.

- Hansen's Florists & Gifts recently opened at the Gibbs Center. Among the gift items on sale are balloons, Pilgrim candles and Saltbox cards.
- Fiesta Mexicana, the restaurant that recently opened in Coeur d'Alene, serves authentic Mexican dishes for lunch and dinner. It employs 15 people.

Shoshone County

- Wal-Mart began hiring for its Smelterville supercenter in late October. It plans to hire 100 employees initially and more later to keep the store running 24 hours a day, seven days a week. More than 500 people have already submitted applications. The store is designed for easy access by Trail of the Coeur d'Alene riders and will offer bike racks for them. With its location along Interstate 90, Wal-Mart expects to attract customers off of the freeway. The store is slated to open in the last half of January.
- The Wal-Mart supercenter is Shoshone County's first big box store. In 2005, Shoshone County listed only two general merchandise stores, an industrial classification that includes department stores, discount stores, superstores and general stores. Together, they employed fewer than 10 people. The largest, the Fonk's store in Wallace, closed in July. The other one is Scheffy's General Store in Avery, a town of 60 along the St. Joe River in the forests of Shoshone County.

Other retailers in Shoshone County have taken a proactive approach to Wal-Mart's entry. They have been positioning themselves to serve niches Wal-Mart will not be filling and to provide better service and special local knowledge to meet customer needs.

- Yoke's Food Inc. recently purchased Gary's Pharmacy in Pinehurst and moved the pharmacy into the Yoke's grocery store in Kellogg. Yoke's is expanding its produce department, improving its frozen food department, increasing selections and offering seating in its deli, expanding bakery offerings and adding a natural and organic food section.

One thing is certain — Wal-Mart will not take any business away from Shoshone County's largest retailer, Dave Smith Motors, the automotive dealership that employs more than 300 people in Kellogg.

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